

TENNESSEE REGULATORY AUTHORITY

Pat Miller, Chairman
Deborah Taylor Tate, Director
Sara Kyle, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

April 4, 2005

Mr. Thomas M. McElroy
Attorney At Law
P. O. Box 1450
Tupelo, MS 38802-1450

RE: DOCKET NO. 04-00037 - APPLICATION OF COUNCE NATURAL GAS
CORPORATION TO INCREASE ITS RATES.

Dear Mr. McElroy:

On January 24, 2005, you submitted a data response on behalf of Counce Natural Gas Company ("Counce") which included a table identifying the IRS asset class used to determine the depreciation rate for each FERC account. For some of the accounts, there is a discrepancy between the service life contained in the IRS tables and the service life contained in the depreciation schedule provided by Counce. For the following, please indicate whether the IRS asset class service life was intended to be used or provide an explanation for the alternative service life used.

1. Accounts 377-379 and Accounts 383-386, Accounts 380-382 refer to class 49.21, however, the service life and depreciation rate in the depreciation schedule provided by Counce for Accounts 380-382 are 10 years and 10% unlike the 20 years and 5% found in the IRS tables and used for Accounts 377-379 and Accounts 383-386.
2. Accounts 391, 394, 396, and 398 refer to classes listing 7 years as the applicable service life while the depreciation schedule provided by Counce uses 5 years.

It is requested that this information be provided no later than 2:00 p.m. on April 18, 2005, and that you reference Docket No. 04-00037 on the response. In accordance with TRA rules submit either (1) thirteen written copies of your response or (2) four written copies and an electronic version. Should you have any questions regarding this request, please contact Ginger Collier at (615) 741-2904, ext. 174.

Sincerely,

Darlene Standley, Chief
Utilities Division